

THABA CHWEU MUNICIPALITY

**ANNUAL FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30 JUNE 2008**

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THABA CHWEU MUNICIPALITY

GENERAL INFORMATION

MEMBERS OF THE MAYORAL COMMITTEE

Councillor	Ndlovu B C	Executive Mayor	
Councillor	Chima P P	MMC	(Finance, Safety & Community Services)
Councillor	Mpholoane P M	MMC	(Corporate, Technical, LED & Tourism)

SPEAKER

Councillor	Pooe JPR	Speaker (Acting)
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GRADING OF THABA CHWEU LOCAL MUNICIPALITY

Grade 3

AUDITORS

Auditor - General

BANKERS

ABSA Bank

REGISTERED OFFICE

Civic Centre C/o Viljoen & Centre LYDENBURG 1120	P O Box 61 LYDENBURG 1120%
Tel: (013) 235 7000	Fax : (013) 235 1108

MUNICIPAL MANAGER

Moshoadiba I M

CHIEF FINANCIAL OFFICER

Mpele P T

DIRECTORS

Dube L P	(Safety & Community Services)
Van Rensburg N H J	(Technical & Engineering Services)
Seanego N M	(Corporate Services)

OTHER MEMBERS OF THE THABA CHWEU LOCAL MUNICIPAL COUNCIL

Councillors		
Boshoff H S	Mokoni C M	Mashego E N
Manzini L N	Mashigo S	Sambo N S
Kruger M J C	Mohlala B F	Segoane S J
Mkhabela ML	Maolele J A	De Wit P J
Banda S A	Matsane L J	Dickson C I
Mahlangu M	Aucamp J	
Mashego M M	Pooe J P R	

APPROVAL OF FINANCIAL STATEMENTS

As Accounting Officer, in terms of section 126(1)(a) of the Municipal Finance Management Act, Act No 56 of 2003, I am responsible for the preparation of the annual financial statements as set out on pages 1 to 21 and which I have signed on behalf of Thaba Chweu Municipality.

I certify, in terms of section 124(1) of the Municipal Finance Management Act, that the salaries, allowances and benefits of Councillors as disclosed in the notes to the annual financial statements are within the framework envisaged in section 129 of the Constitution, read with the Remuneration of Public Office Bearers Act (Act 20 of 1998) and the determination by the Minister of Provincial and Local Government.

I M MOSHOADIBA
MUNICIPAL MANAGER / ACCOUNTING OFFICER

THABA CHWEU MUNICIPALITY
CHIEF FINANCIAL OFFICER
I. OPERATING RESULTS

Details of the operating results per department, classification and object of expenditure are included in appendices D and E. . The overall operating results for the year ended 30 June 2008 are as follows:

	Actual 2007 R	Actual 2008 R	Variance %	Budget 2008 R	Variance actual / budget %
INCOME					
Opening surplus	10 652 675	31 427 638			
Sundry Transfers					
Operating income for the year	156 813 795	149 224 901	-4.84%	158 266 605	-5.71%
Surplus for the year	167 466 470	180 652 539		158 266 605	
EXPENDITURE					
Opening deficit	0	0			
Operating expenditure for the year	134 704 443	154 002 356	14.33%	158 116 079	-2.60%
Sundry transfers	1 334 389	5 268 681			
Closing surplus	31 427 637	21 381 502		150 526	
	167 466 470	180 652 539		158 266 605	

1.1 Rates and General Services

	Actual 2007 R	Actual 2008 R	Variance %	Budget 2008 R	Variance actual / budget %
Income	91 683 417	91 877 314	0.21%	69 776 725	31.67%
Expenditure	84 612 222	109 590 999	29.52%	84 357 577	-29.91%
Surplus / (deficit)	7 071 195	(17 713 685)	-350.50%	(12 856 102)	
Surplus / (deficit) as a % of total income	7.71%	-19.28%		-34%	

1.2 Trading Services

The prices for the purchase of electricity and water as well as postal and telecommunication charges are subject to administered adjustments. The following is a summary of the operating results of the Councils trading and housing services:

Electricity Service

	Actual 2 007 R	Actual 2 008 R	Variance .2007/2008 %	Budget 2008 R	Variance actual / budget %
Income	54 281 742	40 641 364	-25.13%	35 336 000	15.01%
Expenditure	43 631 133	34 989 605	-19.81%	35 734 622	2.08%
Surplus / (deficit)	10 650 609	5 651 759	-46.93%	(400 522)	
Surplus / (deficit) as a % of total income	19.62%	13.91%		-1.13%	

Water Service

	Actual 2 007 R	Actual 2 008 R	Variance .2076/2008 %	Budget 2008 R	Variance actual / budget %
Income	10 143 580	16 280 761	60.50%	20 261 400	-19.65%
Expenditure	5 401 874	7 114 468	31.70%	6 045 400	-17.68%
Surplus / (deficit)	4 741 706	9 166 293	93.31%	14 241 700	
Surplus / (deficit) as a % of total income	46.75%	56.30%		70.03%	

Housing Service

	Actual 2 007 R	Actual 2 008 R	Variance %	Budget 2008 R	Variance actual / budget %
Income	705 057	425 462	-39.66%	212 000	101.00%
Expenditure	1 059 213	2 307 284	117.83%	1 289 050	-78.99%
Surplus / (deficit)	-354 156	-1 881 822	431.35%	(1 077 050)	
Surplus / (deficit) as a % of total income	-50.23%	-442.30%		-508.04%	

2. CAPITAL EXPENDITURE

The expenditure on fixed assets incurred during the year amounted to R39 139 040 . The expenditure on assets were financed from different sources as will be indicated in the second table. Actual expenditure consists of the following:

	2008 Actual R	2008 Budget R	2007 Actual R
Council General Expenses			124 820
Fire & Protection Services	638 957	850 000	
Public Health	1 133 027	1 181 100	
Public Works - General	26 910 427	12 565 005	
Town Treasurer	0	0	1 011 869
Licenses/Traffic	4 978 545	4 998 000	868 062
Library	0	50 000	
Civil Buildings	0	0	115 789
Museum	71 688	100 000	
Cleansing (Refuse)	578 283	620 000	349 389
Sewerage	0	300	
Community and Protection Services: Director	618 862	498 000	
Housing	1 038 169	2 800 000	
Electricity	1 668 950	19 000	
Sport & Recreation	193 184	200 000	
Water	1 308 947	5 000	
Finance	0	820 000	
	39 139 040	24 706 405	2 469 929

A complete analysis of fixed assets and capital expenditure (budgeted and actual) per department, classification or service is included in appendix C.

Resources used to finance the fixed assets were as follows:

	2008 Actual R
Contributions from operating income	17 211 484
Grants and other subsidies received	21 927 556
	39 139 040

More details regarding external loans and internal advances used to finance fixed assets are shown in appendix B.

3. EXTERNAL LOANS, INVESTMENTS AND CASH

External loans outstanding on 30 June 2008 amount to R16 018 041 (R17 168 412 in 2007) as set out in appendix B.

Investments on 30 June 2008 amount to R6,167,913 (R10,697,744 on 30 June 2007).

More information regarding loans and investments are disclosed in the notes (5 and 8) and appendix B to the financial statements.

4. FUNDS AND PROVISIONS

The movement regarding statutory funds and provisions is given in appendix A.

5. CURRENT ISSUES

- (a) Asset register exist, although not fully GRAP compliant.
- (b) No loan register exist and no certificates for the outstanding balances as at 30 June 2008 are available from the applicable financial institutions.
- © No investment register exist and no certificates for the outstanding balances as at 30 June 2008 are available from the applicable financial institutions.
- (d) The license department is currently running on a separate financial system outside the Council's main financial system, with a separate bank account. Prove of detail income and expenditure documents and income and expenditure statements as well as a balanced trial balance are available on 30 June 2008. The net surplus of this account total to the amount of R 1,021,501 and increase the Council's accumulated surplus to the amount of R 21,381,502. This account will be incorporated in the council's main financial system from 1 July 2008.

6. APPRECIATION

I would like to thank the Mayor, Councilors and personnel for the support given to me and my personnel during the year.

CHIEF FINANCIAL OFFICER
Mr. T.P. Mpele

1. BASIS OF PRESENTATION

- 1.1. These financial statements have been prepared in order to conform to the standards laid down by the Institute of Municipal Finance Officers in its code of practice (1996 2nd Edition) and Report on the Standardization of financial statements of Local Authorities (4th Edition, as amended).
- 1.2. The financial statements are prepared on the historical cost basis, adjusted for fixed assets as more fully detailed in Accounting Policy note 3.
- 1.3. In terms of Statement 4.5 of the Code of Accounting Practice for Local Authorities in S.A. the accrual basis of accounting shall be used. This means that all income must be recorded when measurable and available.

2. CONSOLIDATION

The Statement of Financial Position includes Rates and General Services, Housing Services, Trading Services and the different funds, reserves and provisions. All inter-departmental charges are set-off against each other, with the exception of assessment rates, refuse removal, electricity and water, which are treated as income and expenditure in the respective departments.

3. FIXED ASSETS

- 3.1 Fixed assets are stated:
at historical cost; or
at valuation (based on the market price at date of acquisition), where assets have been acquired by grant or donation, while they are in existence and fit for use, except in the case of bulk assets which are written off at the end of their estimated life as determined by the Treasurer.
- 3.2 Depreciation.

The balance shown against the heading "Loans Redeemed and Other Capital Receipts" in annexure C is tantamount to a provision for depreciation. Assets are acquired through:

Appropriations from income, where full cost of the asset forms an immediate and direct charge against the operating income, and therefore it is unnecessary to make any further provision for depreciation

Grants, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and Other Capital Receipts" account.

- 3.3 Fixed assets are financed from different sources, including external loans, operating income, endowments and internal advances. These loans and internal advances are repaid within the estimated lives of the assets.

4. SURPLUSES AND DEFICITS

Any surpluses or deficits arising from operations are transferred to Rates and General Services.

5. INVESTMENTS**Investments in Financial Instruments**

Investments are disclosed at the lower of cost or market value if a permanent decline in value occurred. Investments are made in terms of the Councils investment policy.

6. PROVISIONS AND RESERVES

Provisions and reserves are established where considered necessary and are reflected in detail in the Provision and Reserve Statements.

7. INVENTORIES

Inventory (stores and materials) is valued at lower of cost, determined on the weighted average basis, and net realizable value.

8. RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating local authorities.

9. REVENUE RECOGNITION

9.1 Revenue from the sale of goods is recognized when the risk is passed to the consumer.

9.2 Revenue from the sale of water and electricity is recognized monthly at a standard rate.

10. PRESENTATION CURRENCY

The annual financial statements are presented in South African Rand

11. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

12. ACCOUNTS RECEIVABLE

Accounts receivable are carried at anticipated realizable value. Provision for bad debts is based on all outstanding debtors for plus minus 90 days and longer at year end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current assets.

13. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Bank overdrafts are recorded based on the actual amount of the facility utilized. Finance charges on bank overdrafts are expensed as and when incurred.

14. TRADE CREDITORS

Trade creditors are stated at their nominal value.

15. CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognized as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the funding agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognized.

16. COMPARATIVE INFORMATION

Current year comparatives:

Budgeted amounts have been included in the annual financial statements for the current financial year only.

Prior year comparatives:

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for reclassification are disclosed.

THABA CHWEU LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2008

	Notes	2008 R	2007 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES		4 668 444	4 142 704
Statutory funds	1	-	-
Reserves	2	4 668 444	4 142 704
RETAINED SURPLUS/(DEFICIT)	18	22 281 502	31 427 637
		26 949 946	35 570 341
CONDITIONAL GRANTS	3	-	3 193 477
LONG-TERM LIABILITIES	4	14 869 704	16 022 108
CONSUMER DEPOSITS	5	2 613 523	2 058 498
		44 433 172	56 844 425
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	6	17 921 241	18 903 340
INVESTMENTS	7	5 444 607	10 697 744
LONG-TERM DEBTORS	8	-	-
NET CURRENT ASSETS/(LIABILITIES)		21 067 324	27 243 341
CURRENT ASSETS		34 736 381	39 311 479
Inventory	9	2 283 079	1 788 765
Debtors	10	29 760 227	34 115 103
Cash	24	2 200	2 280
Short-Term portion of investments	7	723 306	723 308
Conditional Grants	3	1 967 569	-
Bank	25	-	2 682 022
CURRENT LIABILITIES		13 669 058	12 068 138
Provisions	15	1 912 172	2 212 172
Creditors	16	7 546 167	8 709 662
Short term portion of long term liabilities	4	1 148 337	1 146 304
Bank Overdraft	24	3 062 382	-
		44 433 172	56 844 425

THABA CHWEU LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008

2007	2007	2007		2008	2008	2008	2008
Actual	Actual	Surplus/		Actual	Actual	Surplus/	Budget
Income	Expenditure	(Deficit)		Income	Expenditure	(Deficit)	Surplus/ (Deficit)
R	R	R		R	R	R	R
91 683 417	84 612 222	7 071 195	RATES & GENERAL	91 877 314	108 690 999	(16 813 685)	(39 144 402)
54 511 599	46 756 966	7 754 633	SERVICES	65 245 490	74 669 486	(9 423 996)	(41 712 352)
713 866	7 386 017	(6 672 151)	Community Services	268 878	7 710 512	(7 441 634)	(8 479 010)
36 457 952	30 469 239	5 988 713	Subsidised Services	26 362 946	26 311 001	51 945	11 046 960
			Economic Services				
705 057	1 059 213	(354 156)	HOUSING SERVICES	425 462	2 307 284	(1 881 822)	(960 050)
64 425 322	49 033 007	15 392 315	TRADING SERVICES	56 922 125	42 104 073	14 818 052	11 068 378
<u>156 813 795</u>	<u>134 704 442</u>	<u>22 109 353</u>	TOTAL	<u>149 224 901</u>	<u>153 102 356</u>	<u>(3 877 455)</u>	<u>(29 036 074)</u>
		(1 334 389)	Appropriations for the year (refer to note 14)			(5 268 681)	
		20 774 963	Net surplus (deficit) for the year			(9 146 136)	
		10 652 675	Accumulated surplus/(deficit): beginning of the year			31 427 638	
		<u>31 427 638</u>	ACCUMULATED SURPLUS/(DEFICIT): END OF THE YEAR			<u>22 281 502</u>	

(Refer to appendix D and E for more detail)

THABA CHWEU MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

		2008	2007
	<i>Note</i>	R	R
OPERATING ACTIVITIES		47 012 048	(2 558 047)
Cash (utilised)/generated by operations	19	44 169 769	13 153 706
Investment Income		-	-
(Decrease)/Increase in Working Capital	20	(247 908)	(14 348 432)
		43 921 861	(1 194 726)
Less: External interest paid	17	(3 917 867)	(2 375 190)
(Cash utilised)/retained from operations		40 003 994	(3 569 917)
Cash contributions from public and state		7 008 054	1 011 869
CASH UTILISED IN INVESTING ACTIVITIES			
Investment in fixed assets		(39 139 040)	(2 469 931)
Net cash flow for the year		7 873 008	(5 027 978)
CASH EFFECTS OF FINANCING ACTIVITIES			
Decrease in long-term loans	21	(1 150 371)	(867 464)
Increase in cash investments	22	518 626	6 315 709
(Decrease)/Increase in cash	23 & 24	(5 744 484)	(420 267)
Net cash (generated)/utilised for the year		(6 376 229)	5 027 978

THABA CHWEU LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
1 STATUTORY FUNDS	-	-
2 RESERVES		
Loan redemption	4 668 444	4 142 704
	4 668 444	4 142 704
Refer to Appendix A for more detail on reserves		
3 UNSPENT CONDITIONAL GRANTS		
	R	R
Grants Tourism Planning	(2 986 587)	-
Establishment Grant: Coromandel	(397 372)	312 907
Dientjie Farming Project	(747 079)	747 079
MP304 VIP Sanitation Grant	(68 751)	68 751
NER Funding	(232 353)	232 353
MIG PMU Grant	(443 300)	443 300
EDM Sanitation Grant	(500 000)	500 000
MIG Funds	(925 606)	925 606
FMG	(484 096)	734 000
Sabie Ext 10	288 060	(85 325)
EDM Ssanitation Grant	(169 052)	(125 567)
Graskop Stormwater Phase 2	2 211 568	(71 499)
Refurbish Mathibithi A/B Water	831 721	(36 103)
Youth A C	29 007	(182 974)
Consulting Eng Ser Floodline	230 838	(560 817)
Lydenburg X 6 Bulk and Infrass	3 588 584	(763 580)
Coromandel Services	-	(5 700)
Sabie Extention 9	111 259	(261 216)
Mathi Leroro Moromela VIP	3 255 885	(1 470 016)
Refurbish of Exist Water	169 318	(91 789)
Lydenburg Geo Hydrological	(68 000)	(22 201)
Lydenburg Taxie rank	(250)	(4 315 143)
Rehabilitation Sabie Main road	522 549	(454 844)
Establishment Grant: Coromandel	1 001 153	(1 892 606)
Coromandel Projects	121 715	(1 180 961)
Moromela Paving of access com	-	(538 991)
Graskop Refurbish Stormwater	-	(1 925 343)
Finance Management Grant	(734 000)	500 000
MIG Grant	-	13 215 373
Dwarf Eng Support Grant	-	1 469 639
System Improvement Grant	(1 471 500)	712 922
Special Projects IDP	(1 163 316)	(2 683 776)
Special Projects	(2 825)	
	1 967 569	3 193 477

THABA CHWEU LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
4 LONG TERM LIABILITIES		
Local registered stock	8 910 000	8 910 000
INCA	2 539 061	2 835 413
Development bank of South Africa	4 568 980	5 422 998
	16 018 041	17 168 412
Less: Current portion transferred to current liabilities	1 148 337	1 146 304
INCA	296 353	296 353
Development bank of South Africa	851 984	849 951
	14 869 704	16 022 108
(Refer to appendix B for more detail on long term liabilities)		
5 CONSUMER DEPOSITS		
- Consumers	2 613 523	2 058 498
- Other	-	-
	2 613 523	2 058 498
Guarantees in place of electricity and waste deposits	1 191 194	1 191 194
All consumers are required to pay a deposit equating to two months consumption of electricity and water services. Deposits are considered a long term liability as the deposit is only refunded once the service is terminated. Interest is not paid on deposits.		
6 FIXED ASSETS		
Fixed Assets at the beginning of the year	89 306 949	86 837 019
Capital Expenditure during the year	39 139 040	2 469 931
Less Assets written off , transferred or disposed of during the year	-	-
Less Rectify previous balances	868 062	-
TOTAL FIXED ASSETS	127 577 927	89 306 950
Less: Loans redeemed and other capital receipts	(109 656 687)	(70 403 608)
NET FIXED ASSETS	17 921 241	18 903 340
Work in progress represents assets for which the external loans have not yet been obtained	-	-
	17 921 241	18 903 340
Refer to Appendix C for more details on fixed assets		
7 INVESTMENTS		
Listed		
(Lydenburg)	783 278	783 278
Unlisted	5 384 637	10 637 774
Long term deposits	4 661 329	4 142 703
Call accounts	-	5 771 763
On call deposit 32 days	723 308	723 308
Total investments	6 167 915	11 421 052
Short term portion	(723 308)	(723 308)
Total investments	5 444 607	10 697 745

THABA CHWEU LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
Market value of listed investments	783 278	783 278
Management value of unlisted investments	5 384 637	9 914 466
The listed investment is disclosed at cost or net realisable value at year end, which ever is the lowest.		
Included in long term deposits is an amount of R4 668 444 (2007: R4 142 704) that represents an initial deposit of R845 000 which was invested with the Public Investment Commissioners in 1993 as a loan redemption fund and stand as security for the repayment of the local stock loan No. E30, R8 910 000, which will mature in 2014.		
8 LONG TERM DEBTORS		
Debtors Loans	-	-
	-	-
9 INVENTORY		
Stock represents consumable stores, raw materials, work in progress and finished goods. Redundant stock is written off annually.	2 283 079	1 788 765
10 DEBTORS		
Consumer debtors	74 958 785	69 837 652
VAT	(4 631 124)	(1 053 231)
Sundry	404 360	2 802 475
	70 732 021	71 586 897
Less: Provision for Bad Debts	(40 971 794)	(37 471 794)
	29 760 227	34 115 103
VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid to SARS.		
11 CONSUMER DEBTORS		
The age analysis of consumer debtors, as disclosed above, is as follows:		
- Current	6 817 747	4 721 924
- 30 days	3 038 345	3 566 639
- 60 days	2 642 707	2 731 935
- 90 days	2 366 775	2 218 774
- 120 days and older	55 866 447	55 545 149
	70 732 021	68 784 422
Less: Provision for bad debts	(40 971 794)	(37 471 794)
Net amount for consumer debtors	29 760 227	31 312 628
Provision for bad debts represents 55 % of total consumer debtors outstanding at the end of the financial year.		

THABA CHWEU LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
12 AUDITORS REMUNERATION	R	R
Remuneration actually paid for audit services during the year.	564 822	-
13 COUNCILLOR REMUNERATION		
Mayor	481 696	448 097
Speaker	381 965	360 438
Executive Committee members	726 312	667 406
Councillors	2 834 343	276 642
	4 424 316	1 752 583
14 REMUNERATION OF SECTION 57 EMPLOYEES		
	Municipal Manager	Chief Financial Officer
		Other Section 57 Managers
Salaries	408 000	396 000
Contributions to Pension, UIF and Medical Aid Funds	114 336	27 936
Motor and Travelling allowances	115 664	80 064
	638 000	504 000
		1 562 600
15 PROVISIONS		
Audit fees	-	300 000
Personnel accumulated leave	1 912 172	1 912 172
	1 912 172	2 212 172
16 CREDITORS		
Trade Creditors	5 817 340	6 640 659
Sundry creditors	1 728 827	2 069 003
	7 546 167	8 709 662
17 FINANCE TRANSACTIONS		
Total external interest earned and paid		
- Interest earned	-	231
- Interest paid	(3 917 867)	(2 375 190)
	(3 917 867)	(2 374 958)
18 APPROPRIATIONS		
Appropriation account		
Accumulated surplus at beginning of the year	31 427 637	10 652 675
Less Adjustment on Previous year Balance		
Operating surplus for the year	(3 877 455)	22 109 352
Appropriations for the year	(5 268 681)	(1 334 389)
- Contributions to reserves	-	-
- Prior year adjustments	(5 268 681)	(1 334 389)
Accumulated surplus at end of the year	22 281 501	31 427 637
The Licence Department run a separate system with a nett surplus of R 1021501, which is not included in the amount of R 25,816,865		

THABA CHWEU LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
19 CASH GENERATED BY OPERATIONS		
Profit /(Deficit) for the year	(3 877 455)	22 109 352
Adjustments in respect of the previous year's operating transactions	-	(1 334 389)
Adjustments against operating income:	21 010 153	1 374 620
- Capital development fund	-	-
- Trust funds	-	-
- Provisions and Reserves	4 100 000	255 880
- Fixed assets	16 910 153	1 118 740
Capital charges	5 068 238	3 242 655
Interest paid:		
-to internal funds	-	-
-to external loans	3 917 867	2 375 190
Redemption:		
-from internal funds	-	-
-from external loans	1 150 371	867 464
Nett Grants and subsidies from public and state	21 968 834	(12 372 745)
Non Operating income	-	460 923
	44 169 769	13 153 706
20 INCREASE /(DECREASE) IN WORKING CAPITAL		
Decrease/(Increase) in Inventory	(494 314)	278 371
(Increase)/Decrease in Debtors	854 876	(4 346 103)
Increase/(Decrease) in Creditors	(1 163 495)	(10 506 989)
Increase in Consumer deposits	555 024	226 289
Increase in long term debtors	-	-
	(247 908)	(14 348 432)
21 INCREASE / (DECREASE) IN LONG-TERM LOANS (EXTERNAL)		
Loans Repaid	(1 150 371)	(867 464)
	(1 150 371)	(867 464)
22 (INCREASE) /DECREASE IN EXTERNAL CASH INVESTMENT		
Increase / (decrease) in investments	(5 253 137)	6 315 709
Prior year adjustment	5 771 763	-
	518 626	6 315 709
23 INCREASE / (DECREASE) IN CASH ON HAND		
Cash Balance at the Beginning of the Year	2 280	16 870
Less: Cash Balance at the End of the Year	2 200	2 280
	(80)	19 150
24 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating the financial position:		
Bank balance at the beginning of the year	2 682 022	(3 116 879)
Bank balance at the end of the year	(3 062 382)	2 682 022
	(5 744 404)	5 798 901

THABA CHWEU LOCAL MUNICIPALITY**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

	2008	2007
	R	R
25 RETIREMENT BENEFITS		
Personnel and Councillors are members of the following funds: Municipal Employees Gratuity Fund Municipal Employees Pension Fund Municipal Councillors Pension Fund		
	Valuations Actuarial	Valuations Interim
	30-Jun-02	30-Jun-04
The Municipal Employees Gratuity Fund is a defined benefit plan which is governed by the Pension Fund Act of 1956. The most recent actuarial valuation indicated that the fund was financially sound.		Fully Funded
The MEPPF is a fixed contribution fund.	28-Feb-02	28-Feb-05
		Fully Funded
The MCPF is a fixed contribution fund.	30-Jun-04	30-Jun-05
		Fully Funded
26 CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS		
No known contingent liabilities and contractual obligations		
27 CAPITAL COMMITMENTS		
No capital commitments approved or contracted for.		
28 ASSESSMENT RATES		
Valuations on land are performed every four years. The last general valuation came into effect on 01 January 1999 and will be effective until 30 June 2006.		
Assessment rates are levied at a rate in the rand on land value only. A discount of between 20% and 40% is given to pensioners depending on their gross monthly income.		
Assessment rate tariffs have remained unchanged from prior years and is in compliance with Local Government Rating Ordinances 1977.		
Valuations Department is in the process of re-evaluating all properties in compliance with the new Property Rates Amendment Bill.		

THABA CHWEU LOCAL MUNICIPALITY
STATUTORY FUNDS, AND RESERVES

	R	R	R	R	R	R	R
	Balance at 30 June 2007	Contributions during the year	Interest on investment	Other income	Operating expenditure during the year	Capital expenditure during the year	Balance at 30 June 2008
RESERVES							
Loan redemption	4 142 704	-	525 830	-	89	-	4 142 615
	4 142 704	-	525 830	-	89	-	4 142 615
PROVITIONS							
Leave	1 912 172	-	-	-	-	-	1 912 172
Audit Fees	300 000	(300 000)					-
	2 212 172	(300 000)	-	-	-	-	1 912 172

THABA CHWEU LOCAL MUNICIPALITY

EXTERNAL LOANS AND INTERNAL ADVANCES

	Loan no	Detail/Aim	Redeemable	Balance at 2007/06/30	Received during year	Redeemed or written off during year	Balance at 2008/06/30
EXTERNAL LOANS							
Local registered stock S	E30	14.00%	2014	8 910 000	-	-	8 910 000
Total				8 910 000	-	-	8 910 000
Annuity loans (INCA)				2 835 413	-	296 353	2 539 061
Annuity loans L (DBSA)				5 422 998	-	854 018	4 568 980
Total				8 258 412	-	1 150 371	7 108 041
Total external liabilities				17 168 412	-	1 150 371	16 018 041
Capital charges - Interest and Redemption: Arrears							
Iscor Pension Fund	-			-	-	-	-
Total				-	-	-	-
Annuity Loans (INCA)		13.61%	2013	296 353	-	-	296 353
Annuity Loans (DBSA)		10.50%	2012	851 984	-	2 033	849 951

THABA CHWEU MUNICIPALITY

ANALYSIS OF FIXED ASSETS

Expenditure 2007 R	Services	Budget 2008 R	Balance at 30 June 2007 R	Expenditure 2008 R	Written off, transferred, redeemed, or disposed of during year R	Balance 30 June 2008 R
2 469 931	RATES AND GENERAL SERVICES		89 306 949	39 139 040	-	127 577 927
1 136 689	Community Services	18 586 105	25 073 023	28 690 650	-	53 763 674
124 820	Council's general expenses	-	7 698 215		-	7 698 215
-	Administration	-	209 477		-	209 477
-	Public health	-	120 044		-	120 044
-	Health services: General	-	-		-	-
-	Health services: Clinic's	-	550 876		-	550 876
-	Health services: Clinic Lydenburg	-	6 119		-	6 119
-	Health services: Clinic Mashishing	-	6 703		-	6 703
-	Health services: Clinic Kellysville	-	3 264		-	3 264
-	Health services: Clinic Sabie	-	226 741		-	226 741
-	Health services: Clinic Simile	-	243 526		-	243 526
-	Health services: Clinic Harmony Hill	-	54 085		-	54 085
-	Health services: Clinic Glory Hill	-	2 110		-	2 110
-	Health services: Trading services	-	-		-	-
-	Public works: General	16 716 105	11 617 455	26 910 427	-	38 527 882
-	Community and Protection Services:Director	498 000		618 862	-	618 862
-	Municipal Manager	-	150 159		-	150 159
-	Corporated Services	850 000	-	638 957	-	638 957
1 011 869	Finance	-	2 862 703		-	2 862 703
-	Traffic services	522 000	338 573	522 404	-	860 977
-	Town hall and offices	-	-		-	-
-	RDP department	-	302 758		-	302 758
-	Parking meters	-	-		-	-
-	Civil defence	-	20 734		-	20 734
-	Licenses/traffic	-	737 308		-	737 308
-	Caravan park	-	198 061		-	198 061
-	Municipal houses	-	185 813		-	185 813
-	Street lightning	-	80 847		-	80 847
115 789	Subsidised services	1 000 000	7 534 052	1 397 899	-	8 931 952
-	Library	-	374 526	-	-	374 526
-	Fire Protection (Disaster Management)	700 000	122 846	1 133 027	-	1 255 873
-	Cemetery	-	4 163	-	-	4 163
115 789	Civil buildings	-	5 782 072		-	5 782 072
-	Museum	100 000	579 113	71 688	-	650 801
-	Parks and recreation	-	347 723	-	-	347 723
-	Sport and recreation	200 000	140 611	193 184	-	333 795
-	Sport stadium	-	158 415	-	-	158 415
-	Airport	-	4 460	-	-	4 460
-	Mechanical Workshop	-	20 123	-	-	20 123
1 217 451	Economic services	5 096 300	24 990 265	5 034 424	-	30 024 690
868 062	Licensing	4 476 000	868 062	4 456 141	-	5 324 203
-	Fixed property	-	-		-	-
-	Reiniging suigtenk	-	-		-	-
349 389	Cleansing (Refuse)	620 000	1 521 727	578 283	-	2 100 011
-	Sewerage	300	21 690 780	-	-	21 690 780
-	Estates	-	888 902	-	-	888 902
-	Game reserve	-	20 794	-	-	20 794
0	HOUSING SERVICES	-	3 067 164	1 038 169	-	4 105 333
-	Kannabas flats	-	769 399	-	-	769 399
-	Kiepersol flats	-	864 097	-	-	864 097
-	Sub-economic housing	-	181 950	1 038 169	-	1 220 119
-	Economic housing	-	77 363	-	-	77 363
-	Hostels Simile	-	748 037	-	-	748 037
0	88 Houses Harmony Hill	-	77 860		-	77 860
-	25 Houses Harmony Hill	-	21 242	-	-	21 242
-	26 Houses Simile	-	9 312	-	-	9 312
-	Hostels	-	317 904	-	-	317 904
-	TRADING SERVICES	24 000	28 062 596	2 977 897	-	31 040 493
-	Electricity	19 000	11 608 906	1 668 950	-	13 277 856
-	Holiday resort	-	2 319 849	-	-	2 319 849
-	Water	5 000	14 133 841	1 308 947	-	15 442 788
-	Abattoir	-	579 848	-	-	579 848
-	Abattoir	-	579 848	-	-	579 848
-	Rectify previous balances				868 062	(868 062)

THABA CHWEU MUNICIPALITY

ANALYSIS OF FIXED ASSETS

Expenditure 2007 R	Services	Budget 2008 R	Balance at 30 June 2007 R	Expenditure 2008 R	Written off, transferred, redeemed, or disposed of during year R	Balance 30 June 2008 R
2 469 931	Total Fixed Assets	24 706 405	89 306 949	39 139 040	868 062	127 577 927
70 403 608	RECEIPTS		70 403 608	39 139 041	415 369	109 958 018
-	Rectify previous balances		-		1 565 740	1 565 740
(1 782 795)	Loans redeemed and advances repaid		(1 782 795)		(1 150 371)	(2 933 166)
4 513 818	Contributions from operating income		4 513 818	16 910 153	-	21 423 971
-	Contributions from reserves		-		-	-
1 600 540	Grants and subsidies		1 600 540	22 228 888	-	23 829 428
-	Public contributions		-		-	-
66 072 045	Loans redeemed		66 072 045			66 072 045
18 903 341	NET FIXED ASSETS		18 903 341	(1)	452 693	19 356 034

THABA CHWEU LOCAL MUNICIPALITY

Analysis of operating income and expenditure for the year ended 30 June 2008

Actual 2007 R		Actual 2008 R	Budget 2008 R
INCOME			
40 014 078	Grants and subsidies	28 502 907	28 505 000
31 429 139	- Central government	28 502 907	28 505 000
8 584 939	- Provincial government		-
100 220 828	Operating income	120 721 994	129 761 605
18 022 749	- Assessment rates	22 305 436	25 347 200
54 281 742	- Sale of electricity	40 641 364	35 336 000
10 143 580	- Sale of water	16 280 761	20 261 400
17 772 757	- Other service charges	41 494 433	48 817 005
140 234 906	Total income	149 224 901	158 266 605
EXPENDITURE			
56 953 167	Salaries and Wages	56 713 187	53 146 134
44 395 646	General Expenses	61 387 723	63 927 130
31 514 847	- Bulk purchases	25 667 499	26 711 000
12 880 799	- Other general expenditure	35 720 224	37 216 130
8 461 217	Repairs and Maintenance	11 430 464	9 952 710
3 217 005	Capital charges	3 917 867	2 883 700
1 778 302	Contributions to fixed assets	16 910 153	24 706 405
4 500 000	Contributions to funds	3 501 082	3 500 000
	Charged Elsewhere	141 880	-
119 305 337	Gross expenditure	154 002 356	158 116 079